

FISCAL NOTE

HB 1042 - SB 1379

March 7, 2003

SUMMARY OF BILL: Increases the tax rate, from 2.25% to 2.4%, that dealers with no location in the state may pay in lieu of local option taxes.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - \$100,000

Increase State Expenditures - Not Significant

Increase Local Govt. Revenues - \$8,600,000

Estimate assumes:

- Based upon Department of Revenue data, local sales tax collections remitted by out-of-state taxpayers for FY01-02 were approximately \$131,000,000 at the existing rate of 2.25% on a total base of \$5,822,222,222.
- Collections under the new rate would be $\$5,822,222,222 \times 2.4\% = \$139,733,333$.
- Therefore, the total increase in revenue is \$8,733,333, of which 1.125%, or approximately \$100,000, will be retained by the Department of Revenue for administrative expenses.
- The cost to the Department of Revenue to notify taxpayers is not estimated to be significant.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director